

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B05

PLR-114451-08

Date:

May 08, 2008

Legend

Taxpayer

StateX

Date1

Exchange

Month1

Month2

Month3

Month4

Year1

Dear :

This ruling responds to a letter dated March 26, 2008, submitted by your authorized representative, requesting rulings under sections 301 and 305 of the Internal Revenue Code (the "Code"). Additional information was received subsequently.

The rulings contained in this letter are based upon facts and representations that were submitted on behalf of Taxpayer and accompanied by a penalties of perjury

statement executed by an appropriate party. This Office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

SUMMARY OF FACTS

Taxpayer is a StateX corporation incorporated on Date1. Taxpayer is a self-administered and self-managed real estate investment trust ("REIT"). Taxpayer represents that it qualifies as a REIT under the Code, that it intends to maintain such qualification as a REIT, and that it regularly distributes its earnings and profits as required under section 857(a)(1).

Taxpayer has one class of common stock outstanding (the "Common Stock"), which is publicly traded and listed on the Exchange.

Over the course of its Year1 taxable year, Taxpayer intends to declare four quarterly dividend payments on its Common Stock. The four dividend payments are expected to be declared in Month1, Month2, Month3, and Month4 of Year1 and, in each case, paid the following month.

The dividend payment in Month1 will be declared in cash only. Taxpayer expects to declare the dividend payments in Month2, Month3, and Month4 (each a "Special Dividend") in the form of cash or Common Stock of equivalent value (determined as close to the distribution date as reasonably practicable) at the election of each stockholder. The total amount of cash payable in each Special Dividend will be limited to approximately 20 percent or more of the total value of each Special Dividend. In no event will the total amount of cash available in each Special Dividend be less than 20 percent of the total value of each Special Dividend.

Taxpayer expects to declare each Special Dividend using the following election mechanism.

Each stockholder may elect to receive its dividend in the form of: (a) cash (the "Cash Option") or (b) Common Stock (the "Stock Option"). If a stockholder fails to make a valid election by the election deadline, that stockholder will be deemed to have made an election to be determined by Taxpayer at Taxpayer's sole discretion. To the extent necessary, Taxpayer will issue cash in lieu of fractional shares of Common Stock. Any shares of Common Stock paid in a Special Dividend will be subject to the same limitations on share ownership as apply to other shares of Common Stock currently outstanding that are imposed by Taxpayer's charter (such limitations, the "Excess Share Clause"). Taxpayer does not anticipate that any stockholder's receipt of a Special Dividend will be affected by the Excess Share Clause.

While each stockholder will have the option to elect to receive cash in lieu of stock for all of the stockholder's entire entitlement under a Special Dividend, Taxpayer intends to limit the amount of cash to be distributed in the aggregate to approximately 20 percent or more of the value of a Special Dividend (such amount, the "Cash Limit"). Cash paid in lieu of fractional shares will not count toward the Cash Limit. After cash equal to the Cash Limit is distributed, any remaining unpaid balance of a Special Dividend will be paid in shares of Common Stock.

If the total number of shares of Common stock for which an election to receive a Special Dividend in cash is made ("Cash Election Shares") would result in the payment of cash in an aggregate amount that is less than or equal to the Cash Limit, then all holders of Cash Election Shares will receive cash on all such shares.

If the number of Cash Election Shares would result in the payment of cash in an aggregate amount that is greater than the Cash Limit, then stockholders electing to receive a Special Dividend in cash will receive the following on their Cash Election Shares:

(a) cash on each stockholder's Cash Election Shares equal to the proportion that such stockholder's Cash Election Shares bear to the total Cash Election Shares of all stockholders, multiplied by an amount equal to the Cash Limit; plus

(b) shares of Common Stock on each stockholder's remaining Cash Election shares.

As a result, if too many stockholders elect to receive a Special Dividend in cash, the stockholder may instead receive a pro rata amount of cash but in no case less than 20 percent of their entitlement under the Special Dividend.

Taxpayer intends to distribute its stock and any cash in each Special Dividend as soon as reasonably practicable following the date of each Special Dividend's election deadline.

RULINGS

Based solely on the information provided and the representations made, we rule as follows with respect to the three Special Dividends Taxpayer intends to declare over the course of its Year1 taxable year. Any and all of the cash and stock distributed in each Special Dividend (as described above) by Taxpayer shall be treated as a distribution of property with respect to its stock to which section 301 applies. Sections 301 and 305(b)(1). The amount of the distribution of the stock received by any shareholder electing to receive stock will be considered to equal the amount of the money which could have been received instead. §1.305-1(b)(2).

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is expressed with regard to whether Taxpayer qualifies as a REIT under subchapter M of the Code. Furthermore, no opinion is expressed with regard to whether any of the dividends constitutes a Preferential Dividend under section 562(c) of the Code.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Pursuant to the power of attorney on file in this office, a copy of this ruling letter will be sent to your authorized representative.

Sincerely,

T. Ian Russell

T. Ian Russell
Senior Counsel, Branch 5
Office of Associate Chief Counsel
(Corporate)